

# **TIPPECANOE COUNTY BOARD OF COMMISSIONERS**

## **RESOLUTION NO. 2003-04-CM**

### ***CAPITAL ASSET POLICY***

**WHEREAS**, the Board of Commissioners of Tippecanoe County desires to revise any and all previous fixed asset policies by implementing a capital asset policy as follows:

#### **1. General Information**

The Fixed Asset Policy is being revised effective January 1, 2003. The new policy will be referred to as the **Capital Asset Policy**. This revision was instituted to change the minimum dollar value of capital assets reported on our financial statements (See Attachment A). The revision is related to the implementation of the new reporting model, Governmental Standards Accounting Board Statement 34. The new reporting model will require the unit to depreciate certain capital assets.

Attachment A shows assets by major category. The useful life (number of years) represents a guideline for calculating depreciation per asset class or category. Other useful life years may be determined. The depreciation method recommended is straight-line, unless it is determined that a different method is necessary or justified.

#### **2. Definitions of Capital Assets**

Capital assets include: land, easements, right of ways, land improvements, buildings, building improvements, construction in progress, machinery and equipment, vehicles, infrastructure, works of art and monuments. Land, easements, right of ways and land improvements will be capitalized but not depreciated. Other capital assets with a useful life of more than one year shall be capitalized and depreciated (including acquisitions by lease-purchase agreements and donated items). Capital assets should be reported at historical cost and should cost a **minimum of \$10,000** for reporting requirements. A capital asset meeting these criteria will be reported in the government-wide financial statements (See Attachment A for details).

Assets that are not capitalized are expensed in the year of acquisition. For accountability and safeguarding of assets an inventory will be kept on all computers and on all items costing less than the threshold(s) (As defined in Attachment A), but less than \$ 10,000, will be classified as non-capitalized assets.

#### **3. Valuation of Capital Assets**

Capital assets should be recorded at actual cost. Normally the cost recorded is the purchase price or construction costs of the asset, but also included is any other reasonable and necessary costs incurred to place the asset in its intended location and intended use that can be directly related to the asset. Donated or contributed assets should be recorded at their fair market value on the date donated or acquired.

#### **4. Asset Definitions by Major Category**

It is important to the maintenance of accurate records that each asset category be precisely defined and that all persons responsible for records maintenance be fully aware of the categorization system. This section further clarifies the asset definitions by major category.

##### **Land, Easements and Right of Ways:**

Specified land, easements, right of ways, lots, parcels or acreage owned by the unit or its various departments, boards or authorities, regardless of the method or date of acquisition.

##### **Improvements Other Than Buildings:**

Examples of unit assets in this category are walks, parking areas and drives, fencing, retaining walls, pools, fountains, planters, underground sprinkler systems, and other similar items. Examples of Utility assets in this category are water supply mains, collection sewers, wells, fences, intake pipes, manholes, and fire hydrants.

**Buildings:**

All structures designed and erected to house equipment, services, or functions are included. This includes systems, services, and fixtures within the buildings, and attachments such as porches, stairs, fire escapes, canopies, areaways, lighting fixtures, flagpoles, and all other such units that serve the building.

Plumbing systems, lighting systems, heating, cooling, ventilating and air handling systems, sprinkler systems, alarm systems, sound systems, and surveillance systems, passenger and freight elevators, escalators, built-in casework, walk-in coolers and freezers, fixed shelving, and other fixed equipment are included with the building, if owned. Communications antennas and/or towers are not included as buildings. These are parts of the equipment units that they serve.

**Equipment:**

Equipment includes all other types of physical property within the scope of the Capital Asset Policy not previously classified. Included within this category are office mechanical equipment, office furniture, appliances, furnishings, machinery items, maintenance equipment, communication equipment, police, fire, sanitation and park department equipment, laboratory equipment, dogs, horses, vehicles, road equipment, aircraft, emergency equipment, earth moving equipment, test equipment, civil defense equipment, data processing equipment, and zoo wildlife. All supplies are excluded.

**Infrastructure:**

Infrastructure assets are long-lived capital assets that normally can be preserved for a significant greater number of years than most capital assets and are normally stationary in nature. Examples include roads, bridges, sidewalks, streetlights, traffic signals, street signs, drainage systems, and water systems. Infrastructure assets can include structures directly related to the infrastructure. Examples would include rest area facilities and road maintenance structures such as shops and garages associated with a highway system, and water-pumping buildings associated with water systems.

The historical reporting requirement of GASB 34 allows the unit to only include items put into use from 1980 forward.

**5.     Asset Transfers and Disposition**

Property should not be transferred, turned-in for auction, or disposed of without prior approval of the appropriate department head. A Capital Asset Notification form should be sent to the Fiscal Officer in all cases. Invoices for new purchases will not be paid unless this form is attached. Deletions for any reason must be reported to the Fiscal Officer or his/her designee.

Transfers are defined as any movement of an asset by virtue of change in location, either by account, department, building, floor, or room. If an asset is stolen, the department head should ensure that a police report is promptly filed and that the police report be forwarded to the Fiscal Officer along with the Capital Asset Notification form.

**6.     Periodic Inventories**

Each department as near as practical to year-end will conduct a physical inventory of capital assets. The fiscal officer will provide a list of the inventory on file, which will be sent to each department before each year-end. The department heads will then compare physical observations of assets to the listing noting whether the assets exists, the location if not apparent otherwise, and other relevant factors. If the condition of an asset has deteriorated to the point its useful life has been impaired, that fact should be noted. Assets, which are observed during the physical inventory, which are not on the inventory list should be noted. Omission of assets included on the inventory list should also be noted, and the reasons for such omissions should be documented to the extent possible. Department heads will be accountable for the capital asset inventory charged to their department. The physical inventory sheet and related documentation will be forwarded to the fiscal officer when requested. The fiscal officer will compare the results of the physical inventory to the capital asset records and make necessary adjustments to the capital assets.

**NOW THEREFORE BE IT RESOLVED** that this capital asset policy shall be effective upon passage this 6<sup>th</sup> day of January, 2003.

BOARD OF COMMISSIONERS OF  
TIPPECANOE COUNTY

\_\_\_\_\_  
KD Benson, President

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Ruth E. Shedd, Vice President

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John Knochel, Member

ATTEST:

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Robert A. Plantenga, Auditor

ATTACHMENT A			
CLASS OF ASSET	MINIMUM THRESHOLD	USEFUL LIFE/ COMPOSITE RATE	DEPRECIATION METHOD
<b>Land, Easements and Right of Ways</b>	No limitations		
Lots, Parcels, Acreage			None
<b>Improvements Other Than Buildings</b>	No limitations		Straight-line
Trails & Walks		10	"
Parking Areas and Drives		20	"
Fencing		15	"
Retaining Walls		15	"
Underground Sprinkler Systems		15	"
Fountains		20	"
Outdoor Exhibition Center		20	"
Outdoor Lighting		20	"
<b>Buildings</b>	No limitations	20-30	"
Events Structures			"
Law Enforcement			"
Office Buildings			"
Parking Garage			"
Highway			"
Residential Community			"
Residential Single Family			"
Detention Facility			"
Historic (courthouse)		80	"
<b>Equipment</b>	No limitations		"
Animals-Sheriff Dogs (including training		7	"
Appliances		10	"
Artwork		5-7	"
Artwork (collections)		25	"
Communication Equipment		5-10	"
Construction Equipment (non-plated)		10	"
Custodial Equipment		3-5	"
Data Processing Equipment		3-5	"
Emergency Equipment		5-7	"
Laboratory Equipment		5	"

Maintenance Equipment		7-10	"
Office Furniture		10	"
Park Equipment		10	"
Test Equipment		10	"
Transportation Equipment		5-10	"
Vehicles (plated)		7-10	"
Ambulances (plated)		5	"
Radio Towers		20	"
Miscellaneous		3-10	"
<b>Infrastructure</b>	No limitations		
<b>Network - Roads</b>		25	"
Bituminous Surface			"
Chip & Seal Surface			"
Concrete Surface			"
Gravel Surface			"
Unimproved Surface			"
<b>Network - Other</b>	No limitations		
Curb/Gutter		15	"
Signs		10	"
<b>Network - Bridges</b>	No limitations	50	"
Concrete Beam			"
Reinforced Concrete			"
Steel Beam			"
Steel Truss			"
Concrete Arch			"
Timber Bridge			"
National Register (historic)			"
<b>Network - Drainage</b>	No limitations		
Detention/Retention Pond-On-line		25	"
Detention/Retention Pond-off-line		50	"
Field Tile		50	"
Road Side Ditches		25	"
Storm Drain & Appurtenances		50	"
Open Ditch		50	"